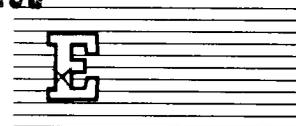


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**ECONOMIC SURVEY
OF LATIN AMERICA**

1982

GRENADA

This preliminary version of the *Economic Survey of Latin America*, 1982 is being distributed in the form of a general introduction, under the symbol E/CEPAL/L.286, and a number of addenda, each containing a study of the economic evolution of a country of the region. The complete Survey will be published later.

Notes and explanation of symbols

The following symbols have been used in the tables in this Survey:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amounts is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise indicated.

A full stop (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1969/1970.

Use of a hyphen (-) between years, e.g., 1960-1970, signifies an annual average for the calendar years involved, including the beginning and the end years.

References to "tons" mean metric tons, and to "dollars" United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual growth rates or rates of variation mean cumulative annual rates.

Figures and percentages in tables may not necessarily add up to the corresponding totals, because of rounding.

GRENADA

1. Recent economic trends: Introduction and summary

Despite the depressed state of the world economy and the continued decline in export receipts, Grenada achieved some real growth in 1982, as a result of massive public sector capital injections (see table 1). Preliminary official estimates suggest that about 5% growth was recorded. Weak markets for Grenada's traditional agricultural exports and for tourism inevitably resulted in reduced export receipts and widening trade and current account deficits. However, public sector investment —financed largely from foreign grants and loans— maintained demand and the combined expansion of new industries and traditional manufacturing output resulted in income and employment growth. The national debt also rose, but at present national debt and debt servicing ratios are still low.

While the short-run trends are clearly positive, much will depend on the long-term success of the bold strategy adopted by the new Government to rehabilitate the infrastructure, resuscitate agriculture, extend tourist facilities and develop human resources. Since these investments have long gestation periods, rising debt and income in the short run must be judged in relation to the prospects of diversifying the export base.

In 1982, agriculture performed only modestly, since increased output from domestic crops, particularly fruit, was offset by massive declines in all the major export crops. On balance, the fledgling manufacturing sector performed better than it did in 1981, with gains from agro-industry in particular, though sugar and rum declined. Tourism declined for the third consecutive year. In contrast, construction grew strongly in 1982, led by major public sector projects. The export sector performed poorly, the dominant traditional exports being nearly all lower in volume and recording a 20% reduction in export value compared to 1981, while the smaller non-traditional exports grew 10%. Even though imports grew by only a modest 3% in 1982, the payments gap widened. There was further growth in public sector operations, where a 20% growth in current revenue and a 54% growth in capital expenditure led to an EC\$ 105 million overall fiscal deficit.

2. Trends in economic activity

a) *Evolution of the main sectors*

Agriculture, the mainstay of the Grenadian economy, and tourism, one of the main foreign exchange earners, performed only modestly in 1982. However, construction (largely public sector initiated) continued to be a dynamic force and the fledgling manufacturing sector performed well.

i) *Agriculture.* Agriculture contributes substantially to the Grenadian economy, providing one-third of all income and employment, two-thirds of merchandise exports and substantial quantities of the food consumed at home (see table 2). Its performance, therefore, is crucial to the health of the economy. However, markets for the traditional exports have been weakening for a long time past and the structural problems of fragmentation of holdings, labour supply and primitive technology all result in low productivity and farm incomes. To modernize this sector, public policy is addressing the issues of agricultural organization, infrastructure, markets and human resource development (see table 3).

Not unexpectedly, short-term performance tended to be uneven or modest. Thus, output of all major export crops declined in 1982 after encouraging recoveries in 1981 by cocoa and nutmegs. Markets for nutmegs, while better than in 1981, still left a million pounds unsold in stock, disease in bananas continued to affect production, and proper tree crop management for cocoa and provision of fermenteries were problems (see table 4).

In contrast, domestic agriculture performed creditably, and with the exception of some vegetables and rootcrops, there was a generalized increase in output, particularly of fruit. Improved market outlets through the processing plant, the Marketing and National Import Board, and trade with the CARICOM countries provided the main stimulus.

Attempts to improve the supply of cheap protein and lumber from reorganized fishing and forestry industries have proved disappointing. There were severe problems with the fishing fleet, output declined, compared with 1981, and the company was closed down late in 1982. Output of the small forestry industry increased only marginally in 1982, and any further increase in output depends on more investment in facilities.

ii) *Manufacturing*. In spite of the emphasis given to this sector in the development strategy, manufacturing contributes less than 5% to the GDP (see table 2). The interest lies in its potential for income, employment and foreign exchange generation —hence the emphasis on agro-industries and export markets. With the coming into effect of the Investment Code, private sector investment is expected to be stimulated to complement State investment, which, since 1979, has been the main catalyst for the sector.

Most of the traditional manufactures showed declines during 1982. Despite increased output of sugar cane, sugar and rum output fell, reflecting inefficient factory operations. The industry has high

Table 1
GRENADA: MAIN ECONOMIC INDICATORS

	1979	1980	1981	1982 ^a
A. Basic economic indicators				
GDP at 1977 market prices (millions of EC dollars)	144.2	148.6	153.1	161.5
Population (thousands)	108	109	110	110
Per capita GDP at 1977 prices (EC\$)	1 335	1 363	1 392	1 468
Growth rates				
B. Short-run economic indicators				
Real GDP at market prices	2.1	3.0	3.0	5.5
Per capita GDP	1.1	2.1	2.1	5.5
Current value of exports of goods and services	18.5	-5.4	-4.8	-5.7
Current value of imports of goods and services	43.3	-2.6	14.2	3.0
Consumer price index:				
Variation between annual averages	...	20.6	19.6	13.2
December/December		21.8	10.5	...
Implicit GDP deflator	15.6	14.4	9.6	7.3
Money supply	24.3	6.5	8.2	18.4
Unemployment rate ^b	...	27.9	...	14.2 ^c
Current income of government	19.1	10.9	-8.3	20.4
Total expenditure of government	67.3	-1.3	40.7	28.8
Fiscal deficit/total expenditure of government ^b	44.0	37.2	59.0	61.7
Millions of US dollars				
C. External sector				
Trade balance (goods and services)	-16.6	-17.3	-27.0	-33.9
Balance on current account	-15.0	-15.6	-24.7	-32.1
Variation in international reserves	0.1	0.4	-0.7	...
External debt	9.8	11.2	17.1	25.8
Exchange rate (EC\$ per US\$)	2.7	2.7	2.7	2.7

Source: ECLA, on the basis of official data, and World Bank.

^aPreliminary figures.

^bPercentage.

^cApril 1982.

Table 2

**GRENADA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC
ACTIVITY, AT FACTOR COST**

	Millions of EC dollars			Percentage breakdown		
	1975	1979	1980	1975	1979	1980
Total GDP	80.5	156.3	195.1	100.0	100.0	100.0
Goods	32.5	57.6	73.2	40.4	37.0	37.5
Agriculture, fishing, forestry	23.1	49.8	51.1	28.7	31.9	26.2
Mining and quarrying	.1	0.1		0.1	0.1	
Manufacturing	3.6	4.3	4.7	4.5	2.8	2.4
Construction	5.7	3.5	17.4	7.1	2.2	8.9
Basic services	9.2	12.7	14.9	11.4	8.1	7.6
Electricity and water	1.4	2.8	3.4	1.7	1.8	1.7
Transport and communications	7.8	9.9	11.5	9.7	6.3	5.9
Other services	38.8	85.5	106.6	48.2	54.8	54.6
Wholesale and retail trade	12.7	23.5	26.8	15.8	15.0	13.7
Hotels and restaurants	1.9	4.5	4.9	2.3	2.9	2.5
Government services	7.2	34.6	38.9	9.0	22.1	19.9
Miscellaneous services	17.0	22.9	36.0	21.1	14.7	18.5

Source: Ministry of Planning, Finance and Trade.

Table 3

GRENADA: INDICATORS OF AGRICULTURAL PRODUCTION

	Tons			Growth rates		
	1980	1981	1982 ^a	1980	1981	1982 ^a
Production of main export crops						
Nutmegs	2 488	3 076	2 254	-11.7	23.6	-26.7
Mace	293	230	113	-12.8	-21.5	-50.9
Cocoa beans	2 131	2 913	2 024	-23.2	36.7	-30.5
Bananas	16 536	11 641	10 367	-14.0	-29.6	-10.9
Production of domestic crops						
Sugar cane	9 773	7 686	8 738	-27.3	-21.4	13.7
Root crops						
Yams	459	482	506	-9.3	5.0	5.0
Sweet potatoes	276	271	297	-25.6	-1.8	10.0
Tannias	276	284	115	1.8	2.9	-59.5
Dasheen and eddoes	283	289	379	72.6	2.1	31.1
Cassava	902	830	145	...	-8.0	-82.5
Vegetables						
Carrots	32	26	19	-5.8	-18.8	-26.9
Tomatoes	48	45	21	14.3	-6.2	-53.3
Cabbages	23	...	46	-41.0	...	...
Fruit						
Oranges	936	983	1 032	-6.4	5.0	5.0
Mangoes	1 805	1 841	1 933	19.0	2.0	5.0
Grapefruit	2 093	2 197	2 228	-0.7	5.0	1.4
Limes	496	422	443	1.6	-14.9	5.0
Avocado	1 356	1 423	1 495	9.7	4.9	5.1

Source: Grenada, Central Statistical Office and Ministry of Agriculture.

^aPreliminary figures.

costs, and most sugar consumed locally must be imported. However, the rum industry might possess some export potential. Output of beer and malt about held its own, as did coconut meal and edible oil, and laundry soap performed well for the second year running (see table 5).

The new manufacturing products all continued to grow, with the exception of the furniture industry. Exports of flour increased by 8% in 1982 and clothing, reported to be operating at 90% capacity, increased 12% though there appears to be a levelling off. It was in the area of agro-industry, however, that the most dramatic increases were recorded in 1982. In its first year of operation, the spice grinding plant is reported to have generated a net profit, and the coffee processing plant more than doubled its 1981 output even though it only utilized one-third of its capacity. The production of nectars, jams and jellies at the agro-industries plant more than doubled in 1982, the second year of its

Table 4

GRENADA: MERCHANDISE EXPORTS

	Thousands of US dollars			Percentage breakdown		Growth rates		
	1980	1981	1982 ^a	1974	1982 ^a	1980	1981	1982 ^a
Total merchandise exports	16 968	18 621	18 553	100.0	100.0	-18.7	9.7	-0.4
Main traditional exports	14 380	14 632	11 504	91.4	62.0	-24.0	1.8	-21.4
Nutmegs	3 173	3 035	3 086	34.2	16.6	-31.0	-4.4	1.7
Mace	657	683	863	8.0	4.6	-20.2	3.9	26.3
Cocoa	6 651	7 470	4 243	30.7	22.9	32.6	12.3	-43.2
Bananas	3 898	3 445	3 312	18.6	17.9	6.1	-11.6	-3.8
Main non-traditional exports	1 120	2 409	2 641	3.9	14.2	133.3	115.0	9.6
Clothing	820	2 169	2 427	2.3	13.1	139.4	164.7	11.9
Furniture	301	240	213	1.6	1.1	116.7	-20.2	-11.1
Other exports	114	259	181	1.4	1.0	-62.2	127.7	-30.2
Cloves	72	220	114	1.2	0.6	-73.5	206.2	-48.1
Cinnamon	27	26	34	0.1	0.2	102.7	-6.8	33.3
Sauces and condiments	14	13	33	0.1	0.2	-2.5	-7.7	144.4

Source: Grenada, Central Statistical Office.

^aPreliminary figures.

Table 5

GRENADA: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1981	1982 ^a	Growth rates		
				1980	1981	1982 ^a
Production of some important manufactures						
Sugar ^b	494	143	51	-5.7	-71.1	-64.3
Flour ^b	3 10	4 927	...	...	58.6	...
Rum ^c	330	350	232	-8.0	6.1	-33.7
Beer ^c	1 39	1 203	1 238	-16.8	-13.6	2.9
Malt ^c	544	618	570	12.2	13.6	-7.8
Edible oil ^c	240	198	259	-22.0	-17.5	30.8
Coconut meal ^b	118	...	102	-60.0	...	...
Laundry soap ^b	23	...	62	-14.8	...	...
Clothing ^d	2.2	5.8	6.5	109.7	163.6	12.8
Furniture ^d	0.8	0.6	0.5	89.7	-25.4	-16.7

Source: Grenada, Central Statistical Office and Ministry of Industry.

^aPreliminary figures.

^bTons.

^cThousands of litres.

^dMillions of dollars of export sales.

Table 6

GRENADA: SELECTED TOURISM INDICATORS

	1980	1981	1982 ^a	Growth rates		
				1980	1981	1982 ^a
Stopover visitors ^b	29.4	25.1	23.3	-8.8	-14.8	-7.2
Cruise ship visitor ^b	146	78	62	5.0	-46.7	-19.9
Average length of stay of stopover visitor ^c	18	18	...	...	...	...
Number of cruise ship calls	236	131	103	18.0	-44.5	-21.4
Number of yacht calls	1 863	1 367	1 602	8.5	-26.1	16.4
Hotel and guest house beds	1 500	1 500	1 112	-	-	-25.9
Estimated visitor expenditure ^d	54.3	46.7	46.6	1.4	-14.1	-0.2

Source: Grenada, Ministry of Tourism.

^aPreliminary figures.

^bThousands.

^cDays.

^dMillions of East Caribbean dollars.

operation, and marked labour productivity gains were recorded. While raw material supplies improved, machine breakdowns and electricity outages were major problems, and markets continued to be weak.

iii) *Construction*. Public sector investment, financed largely from external resources and reflected domestically in construction activity, was the major injection into the income stream in 1982, as in 1981. Again the dominant project was the Point Salines International Airport, where EC\$ 43 million were spent in 1982 compared to EC\$ 39 million in 1981. The total public sector investment expenditure of EC\$ 101.5 million in 1982 included a number of other construction projects such as roads, public buildings and commercial, industrial and community buildings.

While the public sector clearly dominated construction, some private sector projects were also reported to have been under way, such as an EC\$ 5 million aerated drinks plant, scheduled for completion in 1983. In addition, the National Housing Authority was active in new housing construction even though it attained only 11% of its target and a mere 18% of its 1981 output, when it built 32 houses at a cost of EC\$ 1.1 million. The National Housing Repair Programme, which made 593 interest-free loans totalling EC\$ 532 000 in 1980, and 973 totalling EC\$ 782 000 in 1981, is reported to have lent a further EC\$ 952 000 in 1982. A prefabricated housing plant and a facility for producing road surfacing materials were being installed during 1982 and are expected to substantially improve the future performance of the construction industry.

iv) *Tourism*. It is estimated that tourism accounts for about half of Grenada's foreign exchange earnings and, in addition, has heavy impacts on employment, tax revenues and retail trade. The continued deterioration in the performance of this sector in 1982 was thus a significant drag on the economy (see table 6). The serious decline in visitors and in cruise ship and yacht calls seems not to have been reflected in visitor expenditure, which just about maintained its nominal value of 1981. It is in this light that public policies to revive the industry through provision of facilities for wide-bodied aircraft, rebuilding the Holiday Inn (partially destroyed by fire in 1981) and more effective promotion of Grenada as a tourist destination must be viewed. However, the depressed state of the world economy and an unfavourable international image in some tourist sources are impediments still to be overcome.

b) *Employment and unemployment*

Labour absorption and labour force efficiency are serious concerns to the Grenada planning authorities. Indications from two *ad hoc* surveys are that there has been considerable improvement in the job situation, with unemployment in April 1982 estimated at 14% compared to 27% in October 1980. Reliable data are available only for the State sector where, compared to 1981, there have been

substantial job increments in construction, agriculture and transportation, but a decline in fisheries. Policy is aimed at stemming the growth in absolute terms in public sector administrative workers so that labour will be available to the expanding State productive sector. Announced public policy places considerable emphasis on improving labour productivity through better organization, more effective management, improved skills, enhanced use of capital and higher-level technology, and better work attitudes.

3. The external sector

As is the case with all economies of such small internal markets —population 110 000 and GDP at current factor cost EC\$ 251 million— the external sector is a crucial indicator of economic performance. In 1982 merchandise exports were 20% of GDP and earnings from tourism slightly less. By contrast, merchandise imports were 65% of GDP and imports of services only slightly less than exports of them. The resulting unfavourable current balance was possible only because of the continued influx in 1982 of grants and soft loans to the tune of US\$ 26 million.

a) Exports

Despite the long-term trend away from narrow commodity trade dependence, four agricultural staples still account for over 60% of Grenada's merchandise exports. The value of these exports was 21% below its 1981 level, with the result that total exports fell slightly in 1982. That the fall was not more severe was the result of improved performance by non-traditional exports (largely manufactures), which showed a 10% improvement over 1981 (see table 4).

The poor performance of traditional exports derives from a combination of lower output, weak markets and exchange rate depreciation. Output volumes of all traditional agricultural commodities declined in 1982 (see table 3), with the result that export volumes declined in every case except nutmegs. Markets for the latter commodity were particularly bad in 1981, when about half that year's crop was stockpiled. While 1982 was a far better year and nutmeg export volume rose 15%, the price decline between 1981 and 1982 was such as to leave earnings almost unchanged between the two years.

All traditional exports fetched lower unit prices in 1982 with the exception of cloves, a minor commodity (see table 7). To make matters worse, the continued weakening of the pound sterling against the US dollar, to which latter the Grenadian currency is linked, resulted in lowered receipts for those exports such as bananas which are marketed in the United Kingdom.

The EEC continued to be Grenada's principal market, accounting for 56% of exports, with the United Kingdom taking well over half of this. With the shift towards non-traditional exports the CARICOM market is rapidly growing in importance and accounted for 32% of the country's exports in 1982. Trinidad and Tobago has now emerged as Grenada's second largest trading partner.

Nominal tourist earnings are estimated to have stagnated or declined slightly in 1982 as a result of the continued worsening of the tourist trade. The continuing, if less rapid rate of increase of import prices, in conjunction with stagnant earning from merchandise and invisible exports must imply a decline in the purchasing power of Grenada's exports.

Table 7

GRENADA: PRICES OF SELECTED EXPORTS

	EC dollars per pound				Growth rates		
	1979	1980	1981	1982 ^a	1980	1981	1982 ^a
Bananas	0.33	.40	.45	.43	21.2	12.5	-4.4
Nutmegs	2.44	2.54	2.15	1.81	4.1	-15.4	-15.8
Mace	2.93	3.32	3.65	3.40	13.3	9.9	-6.8
Cocoa	5.14	4.38	3.24	2.71	-14.8	-26.0	-16.4
Cloves	9.52	...	10.80	12.75	...	...	18.1

Source: Grenada, Central Statistical Office.

^aPreliminary figures.

Table 8

GRENADA: BALANCE OF PAYMENTS

(Millions of US dollars)

	1978	1979	1980	1981	1982 ^a
Trade balance (goods)	-18.7	-31.9	-35.2	-39.2	-42.2
Merchandise exports	17.0	21.7	17.0	18.8	18.5
Merchandise imports	35.7	53.6	52.2	58.0	60.7
(of which oil)	(2.4)	(3.6)	(4.4)	(8.4)	(9.3)
Non-factor services (net)	13.0	15.3	17.9	12.2	8.3
(of which travel net)	(10.3)	(12.0)	(12.1)	(13.6)	(10.7)
Factor services (net)	-	0.3	-0.2	0.2	-0.3
(of which interest payments)	(-0.3)	(-0.3)	(-0.9)	(-0.7)	(-1.1)
Transfers (net)	1.3	1.3	1.9	2.1	2.1
Current account balance	-4.4	-15.0	-15.6	-24.7	-32.1
Public capital	0.6	14.9	9.3	20.6	25.7
Grants	0.6	12.7	8.0	13.1	15.5
Disbursements	0.7	2.5	1.8	7.9	11.0
Amortization	-0.7	-0.3	-0.5	-0.4	-0.8
Commercial banks	-0.6	-1.0	0.4	-2.0	3.7
Other capital items (net)					
(incl. errors and omissions)	2.9	-0.5	5.5	-1.8	3.0
IMF	1.0	1.3	0.5	6.4	-0.9
ECCA	0.2	0.4	0.3	0.8	0.6
Change in reserves					
(- indicates increase)	0.3	-0.1	-0.4	0.7	-

Source: World Bank.

^aPreliminary figures.

Table 9

GRENADA: INDICATORS OF EXTERNAL INDEBTEDNESS

(Millions of dollars)

	1977	1978	1979	1980	1981	1982 ^a
Total external indebtedness	7.1	7.5	9.8	11.2	17.1	25.8
Servicing of external debt	0.5	1.0	0.6	1.5	1.4	1.8
Amortization payments	0.2	0.7	0.3	0.5	0.7	0.7
Interest payments	0.3	0.3	0.3	1.0	0.7	1.1
External debt service/total exports	1.7	2.7	1.4	2.9	3.7	...

Source: World Bank.

^aProjected.b) *Imports*

Merchandise imports, at US\$ 60.7 million, increased 4.7% over 1981, but when price increases are taken into account this represents a decline in the absolute volume. Trends indicate a relative increase in the share of capital and intermediate goods in imports and a decline in the share of consumer goods. Among the latter group, food imports declined from a high of 30.6% in 1979 to 28.2% in 1981 and to 27.5% in 1982, but this may be partly related to the declining tourist trade. In 1981, CARICOM provided 32% of Grenada's imports, most of this being petroleum products from Trinidad and Tobago.

During the year the EEC countries provided 23% of imports, of which the United Kingdom provided three-quarters. Petroleum purchases, at US\$ 9.3 million in 1982, accounted for 15% of merchandise imports and represented an 11% increase over 1981.

c) *Invisibles and the capital account*

Grenada does not produce balance-of-payments accounts as such, but attempts have been made to piece together some available information (see table 8). Indications are that there was a widening merchandise trade deficit caused by stagnant exports and growing imports of capital goods. Traditionally this balance was reduced by invisible earnings from tourism, but in recent years these have not grown and there has consequently been a widening current account deficit. The large inflows of current transfers, mostly grants and soft loans, plus some long-term public borrowing on commercial terms, have financed the gap and kept the overall payments accounts in a fairly healthy state. However (see table 9), there is growing external indebtedness even though foreign debt servicing is still less than 5% of current foreign exchange earnings: a low rate by international standards.

Table 10
GRENADA: EVOLUTION OF DOMESTIC PRICES
 (Variations between annual averages)

	1980	1981	1982 ^a
Total	20.6	19.6	13.2
Food	18.9	21.7	14.3
Alcohol and tobacco	20.6	19.1	11.7
Clothing and footwear	21.1	22.7	8.6
Fuel and light	43.6	5.1	-1.0
Housing	9.8	3.6	10.9
Furniture and appliances	5.2	55.2	60.3
Household supplies	28.7	7.1	17.3
Transport	37.0	12.7	10.5
Miscellaneous	25.6	12.6	5.2

Source: Grenada, Central Statistical Office.

^a Preliminary figures.

Table 11
GRENADA: MONETARY BALANCE

	Millions of dollars			Growth rates		
	1980	1981	1982 ^a	1980	1981	1982 ^b
Money	49	53	58	6.5	8.2	18.4
Currency outside banks	33	37	37	13.8	12.1	8.8
Demand deposits	16	16	21	-5.9	...	40.0
Factors of expansion	126	141	135	9.6	11.9	-0.7
Foreign assets (net)	27	22	6	8.0	-18.5	-76.0
Domestic credit	98	119	129	8.9	21.4	16.2
Government (net)	24	42	48	...	75.0	45.5
Private sector	72	75	74	12.5	4.2	-2.6
Factors of absorption	77	88	76	11.6	14.3	-13.6
Quasi-money (savings and time deposits)	83	88	84	6.4	6.0	-4.5
Other items (net)	-6	0	-8	...	...	...

Source: International Monetary Fund, *International Financial Statistics*, January 1983.

^a August.

^b Compared to September 1981.

Table 12

GRENADA: SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT

	Millions of EC dollars			Percentage breakdown			Growth rates		
	1980	1981	1982 ^a	1976	1981	1982 ^a	1980	1981	1982 ^a
Total	82.7	85.9	96.3	100.0	100.0	100.0	15.7	3.9	12.1
Agriculture	2.9	4.9	3.7	7.0	5.7	3.8	20.0	69.0	-24.5
Manufacturing	6.5	7.3	5.8	3.3	8.5	6.0	68.7	12.3	-20.5
Distributive trade	22.1	19.8	26.3	28.3	23.1	27.3	-1.9	-10.4	32.8
Tourism	4.7	6.1	7.2	8.0	7.1	7.5	1.9	29.8	18.0
Transportation	5.1	7.1	5.5	3.1	8.3	5.7	18.1	39.2	-22.5
Public utilities	1.6	1.5	4.0	2.5	1.7	4.2	194.5	-6.2	166.7
Building and construction	6.1	5.3	6.4	7.1	5.5	50.4	24.5	-13.1	
Personal loans	17.7	16.3	19.4	16.8	19.0	20.1	2.0	-7.9	19.0
Other advances	17.2	16.7	19.2	24.5	19.5	19.9	36.8	-2.9	15.0

Source: Grenada, Ministry of Finance.

^aPreliminary figures.

4. Prices and wages

The rate of inflation continued its downward trend in 1982, when the consumer price index showed a 13.2% increase over 1981 (see table 10). Among the reasons for this are the slackening of imported inflation, the increased supply of mass-consumption goods brought about by the efforts of the Marketing and National Import Board to organize cheaper imports and increased domestic food supplies, and more efficient price control mechanisms. However, with merchandise imports of the order of 60% of total supply, changes in international prices will continue to be the key determinant of domestic inflation.

There is no systematic computation of a comparable index of wage rates, but the indications are that there was overall about a 10% nominal increase in 1982 compared to 1981. The State sector, which provides about one-third of all employment, had an average wage increase of 10%. In the private sector, where wage agreements negotiated between trade unions and employers typically cover two or three years, wage increases in 1982 ranged from a low of 5% at the highest levels of pay in one case, and a 10% increase over two years in another, to a high of a 55% increase over two years.

5. Monetary and fiscal policy

a) *Monetary policy*

The accurate assessment of monetary conditions in Grenada is difficult because membership of the East Caribbean Currency Authority (ECCA) monetary union permits free movement of currency among the seven members. However, on the basis of IMF estimates and the Ministry of Finance's monitoring of credit conditions, a reasonably accurate picture can be presented (see tables 11 and 12).

Money supply continued its moderate growth in 1982, with increases in currency, but mainly in demand deposits. Credit to the private sector continued at about average levels, while the share that went to the Government, the principal dynamic factor, grew moderately. The dominant share of the distributive trade and personal loans in the commercial bank portfolio was further reinforced in 1982, while agriculture and manufacturing lost ground.

During 1982, the Government purchased one of the four foreign commercial banks and established it as the Grenada Bank of Commerce, the second State-owned bank in the country.

b) *Fiscal policy*

Government fiscal operations in 1982, compared to recent years, are presented in table 13. The revenue position was enhanced through additional stamp duties imposed on imports, and through the continued growth in employment and income, which gave rise to increased business and personal taxes. Sluggish exports, however, reduced income from export duties. Tight financial control served to reduce the current deficit from over EC\$ 12 million in 1981 to under EC\$ 4 million in 1982. Massive capital expenditure left a financing gap of EC\$ 57.4 million, even after the sizeable aid grants are taken into account.

Overall fiscal performance in 1982 was good, with revenue collection and expenditure both close to budgeted figures despite the poor performance of the export sector and the consequent shortfall in taxes on foreign trade. Seventy-five per cent of the planned capital expenditure programme of EC\$ 135 million was achieved. The Government's policy of making the State sector the leading dynamic force in the economy, with tight budgetary controls and massive capital expenditures on infrastructure, economic and social projects seems adequately reflected in the public sector accounts.

Table 13

GRENADA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of EC dollars				Growth rates		
	1979	1980	1981	1982 ^a	1980	1981	1982 ^a
1. Current income	53.4	59.2	54.3	65.4	10.9	-8.3	20.4
Tax revenue, of which:	31.8	34.5	35.0	38.6	8.5	1.4	10.3
Income tax	10.7	15.6	16.6	20.4	45.8	6.4	22.9
Consumption tax	2.7	2.2	2.2	2.4	-18.5	0	9.1
Import duties	10.8	12.1	11.0	11.6	12.0	-9.1	5.5
Export duties	7.6	4.6	5.2	4.2	-39.5	13.0	-19.2
Other taxes, fees and licenses	21.6	24.7	19.3	26.8	14.4	-21.9	38.9
2. Current expenditure	53.9	61.8	66.7	69.1	14.7	7.9	3.6
Wages and salaries	31.8	33.2	32.5	30.5	4.4	-2.1	-6.2
Other	22.1	28.6	34.2	38.6	29.4	19.6	12.9
3. Saving on current account (1 - 2)	-0.5	-2.7	-12.4	-3.7	...	...	...
4. Capital expenditure	41.5	32.4	65.8	101.5	-21.9	103.1	54.3
5. Total expenditure (2 + 4)	95.4	94.2	132.5	170.6	-1.3	40.7	28.8
6. Fiscal deficit (surplus) (1 - 5)	-42.0	-35.0	-78.2	-105.2	...	...	...
7. Aid grants	35.5	33.2	36.7	47.8	-6.5	10.5	30.2
8. Domestic debt	30.1	27.0	36.0	64.2	-10.3	33.3	78.3
9. External debt	27.1	31.3	69.6	69.8	15.5	122.4	0.3
10. Gross national debt	57.2	58.3	105.6	134.0	1.9	81.1	26.9

Source: Ministry of Finance.

^aPreliminary figures.